



Department for
Energy Security
& Net Zero

Putting Consumers First

Our Plan for Empowering and Protecting Energy Consumers

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Introduction

In March 2023, the Government published its [Powering Up Britain](#) plans for a thriving retail energy market. That vision placed consumers at the heart of the energy market, delivering cheaper, cleaner, and more secure energy for Britain's future.

This was a vision for an energy market that drives competition between suppliers, creating a more investable and resilient industry that is open, transparent, and accountable to the highest standards.

But we know that trust in the market is a challenge. In 2023, only 9% of consumers in a YouGov survey had a favourable opinion of energy providers.¹ In another survey, the energy supplier with the highest popularity rating was still ranked positively by less than half of the public.² Safe, secure energy is fundamental to life in Britain, and trust in this sector is essential. We want to see an energy sector which offers choice and transparency over confusion and complication.

Working with the independent regulator (Ofgem), the Government wants a retail market that works hard for consumers and places their protection above all else.

This means a consistently high quality of service from their supplier, underpinned by a comprehensive regulatory framework. But it also means customers being treated fairly and supported when things go wrong.

We know that there are areas to improve customers' experiences of the retail energy market. Consumers have faced rising costs, both in wholesale costs and in standing charges.

People can find it difficult to shop around for the best deal, and some vulnerable households not getting the support they need.

The Government has already acted to ensure consumers are protected from rising costs within the energy sector. Over the previous two years, the Government has provided support to help households with the cost of living totalling over £90 billion.

Alongside this, energy prices continue to drop. By July, the price cap will have fallen by over 60% since it peaked at the start of 2023. Following Russia's illegal invasion of Ukraine, the Government stepped in to provide over £40 billion to support households and businesses when energy prices spiked; the most ever provided to

¹ YouGov Survey (18 May 2023): <https://yougov.co.uk/topics/overview/survey-results/daily/2023/05/18/a3a34/2>

² YouGov The Most Popular Brands (Q1 2024): <https://yougov.co.uk/ratings/consumer/popularity/brands/all>

subsidise energy bills in the history of the UK. This meant that a typical household saved around £1,500 on their energy bills between October 2022 and June 2023.

However, the energy market is continuously evolving, and so this paper sets out the plans that have been developed by Government to go further on consumer protection. In doing so, we have been focused on two key goals:

- **Increased transparency and competition** – ensuring consumers have access to the right information to get the right energy supply they need, along with incentivising suppliers to compete in ways that support good outcomes for consumers.
- **Enhanced consumer protection** – putting the right systems in place to protect consumers, both on an ongoing basis and as they engage with the market.

This paper provides an overview of initiatives that have been developed by the Government and Ofgem. These include plans to help consumers understand the customer service performance of suppliers, a new consumer-facing smart metering Code of Practice, and confirmation of our intention to consult on the regulation of third-party intermediaries in the energy market (such as energy brokers and price comparison websites).

Alongside this paper, Ofgem is also confirming the price cap levels for July to September 2024. We have also publicly sought views on the evolution of default tariff arrangements and Ofgem has sought views on future options for price protection measures.

The paper is not intended to be an exhaustive list of all the consumer protection measures that have been developed by the Government or Ofgem. Instead, it complements existing Government and Ofgem initiatives, for example, Ofgem's Standing Charges and Affordability and Debt calls for input.

This package sets out:

- Our aims to make it easier for consumers to compare energy prices between different offerings and tariffs, including looking at opportunities to learn from good practice in other markets such as financial services.
- How the Department for Energy Security and Net Zero (DESNZ) has developed plans to work with energy suppliers and consumer groups to develop a new smart metering Code of Practice, strengthening protections for consumers.
- The Government's expectations from Ofgem's work on standing charges, including that they are fair for consumers and kept as low as possible.

- That the Government has developed plans to work with Ofgem to explore options to publish a wider range of supplier performance data to help consumers to better hold suppliers to account and drive high quality customer service. Through this work, the Government expects Ofgem to publish supplier league tables on particular metrics.
- Our plans to improve the quality of third-party intermediaries operating in the energy sector, such as energy brokers, price comparison websites and auto-switching services.

Increased Transparency and Competition

Transparency and competition are two of the principal drivers of better consumer outcomes in the retail energy market.

Transparency ensures that consumers have certainty about the contracts and services they take out and the charges associated with them, allowing them to make informed choices about their energy supply.

A more competitive market should deliver lower prices, improvements in customer service, greater consumer choice, and innovative products better tailored to consumers' needs. Competition is returning to the market, and at the time of writing there are competitive tariffs available that are priced below the price cap.³

Last year, the Government published its [‘Delivering a Better Energy Retail Market’](#) paper, which set out the Government’s vision for the market. Central to this was striking the right balance between competition and regulation. Since then, the Government and Ofgem have delivered a number of measures including:

- A project to develop tools that help consumers compare smart meter-enabled tariffs, including an open-source price comparison prototype.
- A review of the non-domestic market, and subsequent plans to require energy brokers to provide full transparency of fees to non-domestic customers.
- Removal of the Market Stabilisation Charge; a temporary measure that improved market resilience but increased the cost of switching supplier when prices fell.
- Automatic compensation for consumers who are switching supplier, if the switch over of the account is not completed in five working days.⁴

Ofgem’s competition framework for the domestic market, published in December 2023, also supports this. The framework will help Ofgem evaluate its regulatory options to ensure it promotes the right balance between competition and regulation in the interests of consumers. It will also allow Ofgem to assess the statement of competition in the market and to assess the competition impacts of possible policy interventions consistently and systematically.

³ Cornwall Insight Domestic Tariff Report - Weekly Update 20 May 2024

⁴ The five working days refers to customers billing being switched over to a new supplier within that time, the customer will always have access to a supplier and energy in that time.

Earlier this month, Ofgem also published its consultation on the removal of the ban on acquisition-only tariffs, to commence from either October 2024 or March 2025. This, along with the removal of the Market Stabilisation Charge will give suppliers greater flexibility on the tariffs on offer to consumers.

Since the publication of 'Delivering a Better Energy Retail Market', we have seen an increase in competitive offers in the market, and an increase in consumer switching. Suppliers are also offering more innovative tariffs that can save consumers money when they use energy off peak. However, more needs to be done to deliver a genuinely competitive market that works for consumers.

Price Comparison

Easily accessible and navigable price comparison in the retail energy market is essential for consumers to make informed decisions on which tariffs offer the best value.

Comparing prices in the energy market is not always straightforward. Contrasting fixed rates to standard variables, or time-of-use tariffs to bundled offerings, is more complex than understanding the cost of your next broadband deal. We want to understand how we can help consumers make the best decisions. That is why we will launch a Call for Evidence on this topic later in the year.

It is particularly important that consumers can accurately compare tariffs against the price cap. Whilst consumers often look for one- or two-year fixed price deals, Ofgem reviews and updates the price cap level every three months. We are aware of concerns that suppliers may market fixed tariffs by comparing them against the current price cap, without telling consumers that the price cap may go up or down in the future. We want consumers to be given the right information when comparing these types of deals.

The new Call for Evidence will be essential for gaining insights into how consumers are finding the market now. However, we are also preparing for the provision of consumer information in the future retail energy market. This is an important theme that was highlighted in our recent [Call for Evidence on Barriers to Innovation](#). We also recognised significant challenges, particularly related to comparing prices of smart tariffs. So last year Government published the final project report for [Smarter Tariffs – Smarter Comparisons](#). The project delivered an open-source solution enabled by smart metering (and smart meter data), that allows consumers to calculate their energy costs through innovative time-of-use-tariffs.

Being able to more easily compare energy tariff offerings is intertwined with high levels of price transparency. That is why the Smart Secure Electricity Systems programme launched a consultation package in April setting out proposals to

improve transparency and accessibility of smart tariffs. This includes measures to standardise provision of data by energy suppliers, as well as ensure that consumers using smart appliances can access all tariffs.

But we have greater ambitions for smart tariffs and data still. Under the provisions of the Data Protection and Digital Information Bill, the Government will have the powers to establish Smart Data schemes across the economy. These new powers will aim to recreate the success of Open Banking in new sectors. Estimates suggest that wider data mobility could increase GDP by £27.8 billion annually.⁵

Improved access to consumer data, with the right privacy protections in place, will help boost innovation in the energy retail market, and increase consumer engagement in a smart and flexible energy system. Smart Data schemes will encourage consumers and businesses to securely share their energy data with trusted parties.

Benefit to consumers

More accessible tariff data, smart or otherwise, will help consumers make the best choices for their particular circumstances. Customers understanding their current energy arrangements and how this compares to upcoming price cap changes and the range of tariff options is essential to this process.

Next steps

We want to see an energy sector where consumers are better informed on future price changes, and trends in energy prices. This will help customers make the best choices on where and when to buy their energy.

We have developed plans to work with stakeholders to improve transparency around prices and price comparisons. This will include making consumers better informed of when prices will change, such as planned updates to the price cap, and of the expected direction of energy prices when choosing a new tariff. We will do this through leveraging those data sources and communication channels that consumers trust the most.

As soon as time allows, we will publish a Call for Evidence to gather information on how consumers can compare prices in the retail energy market. This will include gathering intelligence on which current comparator products and services are most useful to customers, which sources of information are most trusted, and the role of suppliers and others in providing information and areas for improvement in price comparison.

⁵ Data Mobility: The Personal Data Portability Growth Opportunity for the UK Economy
https://assets.publishing.service.gov.uk/media/5be5b8dbe5274a0829c9fb96/Data_Mobility_report.pdf

Supplier Performance Ranking

Clear and understandable information on suppliers' performance can be a valuable tool for consumers when choosing their energy supplier. Openly available information to help consumers make informed choices is an important element in creating a competitive environment where consumers can access the best services, and suppliers are held to account for their performance. The Government wants to see a competitive market, with suppliers competing on customer service and performance as well as on price. Transparency on supplier performance can be an important driver of this. Citizens Advice's customer star ratings and Which?'s annual energy supplier ratings already provide a valuable service to consumers as they navigate the market, providing an overarching view of supplier performance. However, there may be opportunities to go further.

Ofgem currently publishes data on supplier customer service on its website, including the number of complaints per 100,000 customers and speed of resolution, along with other more granular data. Whilst this data is useful, more can be done to increase transparency in the market. Energy customers have a range of different needs and priorities; it is important that they are able to make the most suitable choice of supplier and have relevant information available to do so. Greater transparency can also help consumer groups use the data to support consumers and advocate on their behalf.

Ofgem is developing plans to make comparing energy supplier performance easier. Specifically, Ofgem is exploring opportunities for making data, including that on customer service, more accessible. This will help consumers and consumer groups hold suppliers to account and drive higher standards. As part of this work, Ofgem will explore how supplier performance data can be best presented to help consumers understand how their supplier compares against others in the market, and what other data could be made available to help third parties such as consumer groups, comparison sites and the media to rank suppliers through league tables of different metrics for consumers.

Benefit to consumers

Whilst there are existing tools for comparing the quality of services provided by energy suppliers such as Citizens Advice's customer star ratings and Which?'s annual energy supplier ratings, greater use of Ofgem's data will enable consumers to make informed decisions based on more factors. Suppliers will be better held to account by consumers on key issues such as how well they deal with complaints, and how easily accessible support is for their customers.

Next steps

The Government welcomes Ofgem's plans to make it easier for consumers to compare how their energy supplier's performance ranks in the market by making customer service data more accessible. We have made plans to work with Ofgem to explore options including publishing a wider range of data later this year to help consumers to better hold suppliers to account and drive high quality customer service. Ofgem will provide an update on this work later this year. Through this work, the Government expects Ofgem to consider the case for publishing supplier league tables on particular metrics.

Enhanced Consumer Protection

Robust consumer protection measures – and consumer confidence in those measures – are central components of a well-functioning retail energy market. The Government has always stressed the importance of protecting energy consumers, particularly the most vulnerable. The best way to protect the majority of customers is effective and lasting competition, so we will remove regulatory barriers where they are not in the interest of consumers. However, this will always be underpinned by regulation and enforcement of minimum standards in the market beyond that seen in most sectors, reflecting the nature of energy as an essential service.

As set out above, the default tariff cap ('price cap') has performed a valuable role helping the Government support households during the energy crisis. It has driven significant improvements in the efficiency of many suppliers and thus brought down the overall cost of energy for many households. However, the energy system is evolving and the detailed design of the cap will also need to evolve to keep pace. The Government recently ran a [call for evidence on the future of default tariffs](#) and Ofgem published a complementary discussion paper on future price protection. We also welcome other Ofgem initiatives on energy costs, including recent calls for input on Standing Charges and Affordability and Debt.

Consumers care about more than just the price they pay for energy. They can also face non-price-related benefits and harms. As we see more innovation in the market, it is important that the supporting consumer framework protects consumers, and they have clear expectations about what they can expect from their suppliers. It is also crucial that consumers who are in debt or at risk of falling into debt are given the right support.

The Government recognises that, following a period of high wholesale prices, levels of indebtedness for some consumers has risen. We expect all suppliers to do everything they can to support customers struggling with bills, especially vulnerable customers. Last year, Ofgem and EnergyUK worked with 14 suppliers to agree the Voluntary Debt Commitment for winter 2023/24. These suppliers committed to go beyond current licensing conditions to help households with energy bill debt over the winter. Suppliers provided immediate assistance to those struggling to keep up with payments, and helped consumers manage their bills more effectively.

This was a clear example of the support that suppliers can provide. Recognising the value this brings, **the Government has worked with Ofgem to renew discussions with energy suppliers to agree a new Winter Debt Commitment for the coming winter**. In addition to this, we look forward to the findings of Ofgem's Affordability and Debt Call for Input.

Since publication of 'Delivering a Better Energy Retail Market,' the Government and Ofgem have delivered a number of key measures, including:

- Confirming our plans to expand the Energy Ombudsman's service so that small businesses can get access to free redress and support from the Ombudsman for the first time. This change will take effect, subject to parliamentary approval, from 1 December 2024, and will extend the service to cover 99% of all businesses in Great Britain.
- Ending the inequity of prepayment meter customers, many of whom are vulnerable, being charged more upfront for their energy than other consumers. The costs paid by direct debit and prepayment meter customers are now the same, so prepayment meter customers no longer pay a premium. This action by the Government and Ofgem is saving some of the most vulnerable households £52 per year, a sum which can make a real difference for low-income families.
- The delivery of a new Code of Practice for the involuntary installation of prepayment meters, now part of suppliers' licence conditions. This provides greater protections for all consumers and bans suppliers from pursuing involuntary installations for certain vulnerable groups.
- Ofgem's publication of a call for input on affordability and debt in the domestic retail market.

We also recognise the important role that better use of consumer data may play in ensuring that the retail energy market works better for consumers, particularly those in vulnerable circumstances. Government has held workshops with industry to explore best practice in this area and hear views on how improvements to these processes could be made. We are also looking at longer-term solutions for better targeting of vulnerable households going forwards.

Following the Department for Business and Trade's Smarter Regulation consultation, which included a proposal to establish a multi-sector Priority Services Register (PSR), the Government has announced its intention to take forward work to create a 'Share Once Support Register,' bringing together the current Priority Services Registers and similar telecoms registers.

However, recognising that there is more which can be done, the Government and Ofgem have also made plans to take forward a number of other initiatives to support consumers.

Standing Charges

Standing charges are used to fund key components of a secure and reliable energy system, and it is crucial that they are fair for consumers, and the costs are kept as

low as possible. Standing charges are how many suppliers cover their fixed costs of using power lines and connections, the maintenance and installation of meters, and the delivery of initiatives such as the Warm Home Discount. However, standing charges have risen dramatically in recent years: customers who pay for electricity by direct debit will have seen their standing charge more than double between 2021 and 2023.

While standing charges are a matter for the regulator, the Government expects Ofgem to ensure that any changes:

- **Are mindful of the distributional impacts on the most vulnerable consumers**, such as those dependent on medical equipment.
- **Align with the future energy retail market** so it works better for consumers, is more resilient and investable, and supports wider energy system transformation.
- **Promote a competitive market with a variety of tariffs** giving consumers greater choice to pick the right tariff for their household.
- **Recover the right costs** through standing charges to ensure that the energy system is adequately funded.
- **Provide transparency** so consumers are clear that they are getting value for money from their standing charges.

The Government welcomes Ofgem's recent Call for Input and its review of energy price cap operating costs which covers some elements which contribute to standing charges. In March, the Secretary of State and Minister Solloway (Minister for Affordability and Skills) wrote to Ofgem setting out their expectations that standing charges are kept as low as possible, and Ofgem work to ensure a range of options are available for consumers. They also asked Ofgem to encourage suppliers to make energy bills more understandable for all consumers, and to increase efforts to aid suppliers in offering a diverse range of tariffs, including options with lower standing charges.

We recognise that standing charges is an issue which consumers are concerned about and, if Ofgem decides further action is necessary, we expect Ofgem to progress its next steps in a timely and transparent manner.

Benefit to consumers

Standing charges are charged on a fixed basis for consumers, and therefore it is important that they are kept as low as possible, are fair, and represent value for money. Ofgem's policy consultation on the price cap operating costs and call for input on standing charges are timely steps to review standing charges and ensure that this is the case.

Next steps

Ofgem will be publishing its response and next steps following the standing charges call for input in due course. This will set out potential reforms to standing charges and the trade-offs in moving costs from standing charges. We expect Ofgem to progress its next steps in a timely and transparent manner, and we have plans to work with Ofgem to ensure this happens.

Regulation of Third-Party Intermediaries (TPIs)

TPIs, such as price comparison websites, energy brokers, and auto-switching services, play a crucial role in helping consumers engage with the retail energy market, usually by sitting between energy suppliers and customers. They can help consumers by ensuring that their energy supply can be tailored to their specific needs, and by helping them get the best deal for their energy supply.

However, some TPIs are not providing optimal services to consumers. While a majority operate in an ethical and responsible manner, not all do so. Our previous Call for Evidence on TPIs found a number of consumer harms such as asymmetry of information (a TPI pushing a client into a contract motivated more by its own commercial interests than the benefit of the consumer), opaque contracting practices (such as verbal contracts in the non-domestic market) and instances of mis-selling, as well as lack of adequate access to dispute resolution and poor customer service provisions. During the energy crisis, we saw too many rip-off TPI practices which have no place in our market, and that is why we will act to raise standards for customers to ensure that households and businesses are protected.

Responsible TPIs make a positive contribution to the energy markets, through enhancing efficiency, increased options, helping consumers to manage risks, offering specialised expertise and saving cost and time. That is why it is essential that proportionate regulation is in place to recognise and promote existing good practices, ensuring that all TPIs are working to a high standard.

To ensure that consumers get the best service from TPIs, and are protected from potential harms, the Government will launch a consultation on regulating TPIs in the energy sector.

Benefit to consumers

Any regulatory option that we consider would need to provide better outcomes for consumers who interact with TPIs, and greater protection. This would encourage trust in the retail energy market as consumers would be assured that appropriate

monitoring, compliance checks and enforcement actions were in place if things go wrong.

Next steps

We want to see a retail energy market that works in the best interest of consumers. That is why we have announced we will be consulting on regulatory options for TPIs later this year. The consultation will gather insights on any significant developments in the TPI market since the previous Call for Evidence and seek views on various regulatory options. This will be followed by a government response in due course.

Smart Metering Consumer Code of Practice

Smart meters are empowering households across Great Britain to take control of their energy use and are helping save families around £40 a year on energy bills. They also open up access to cheaper energy tariffs, meaning households could potentially save an extra £900 a year by charging their electric cars during off-peak hours⁶. Consumers could even be paid to use electricity when clean homegrown British energy is in high supply. Smart meters in pre-payment mode can conveniently be topped up from home, and owners can easily see their energy balance.

To strengthen consumer protections and improve the customer experience, particularly post-installation, the Government has shared its intention with energy suppliers, Energy UK, Ofgem, Citizens Advice and National Energy Action to develop a consumer-facing Code of Practice for smart metering.

Benefit to consumers

The Code will increase industry adoption of good practice, creating clear expectations and a proactive and consistently positive consumer experience of smart metering, including improved aftercare following installation. For example, it will look to address and reduce time taken for suppliers to respond to and resolve consumer issues with their smart metering system.

Next steps

The Government will expect all energy suppliers to sign up to and adhere to the Code when developed.

⁶ DESNZ Internal Analysis: Default energy tariffs for households call for evidence, <https://www.gov.uk/government/calls-for-evidence/default-energy-tariffs-for-households-call-for-evidence>

Consumer Bill Test

The impact on consumer bills must be front and centre of any policy design. All energy policies have implications for how customers experience the energy system and the bills they pay, and we know that recent increases in the cost of living and of doing business make this all the more important. Understanding impacts on consumers has always been a key part of government energy policy but rapid changes and increasing complexity in the energy system, means this is more important than ever.

We have further embedded consumer impacts throughout the policy making process and at key decision points. The department has overhauled its advice and decision-making process, with all measures that may impact on household bills going through additional stage of consideration with the department. Although the [2024 General Election Guidance](#) will apply during the pre-election period, these considerations will be reflected in any advice sent to Ministers.

This will help to ensure that bills are not unreasonably stretched, and greater transparency is involved where costs are likely to accrue to billpayers.

Benefits for consumers

A better understanding of where costs fall, including cumulative and distributional effects, will help identify impacts on consumers and better inform decision making. This includes not only whether the overall consumer contribution to the energy system is affordable and sustainable, but also what behaviour we are incentivising through price signals.

Next steps

We will adopt this approach immediately and consumer impacts will be included when we publish relevant policy impact assessments. The 2024 General Election guidance will apply during the pre-election period, and this test will be applied to inform the decisions Ministers do take in this period.

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